

This report provides narrative and financial estimates for the development and operation of skilled nursing home beds for Wyoming veterans within the Green House community located in Sheridan, Wyoming. 24 bed units, 12 in each of 2 cottages, are proposed. These cottages will be built and owned by the State of Wyoming. Green House Living for Sheridan will administer and operate these cottages under a management agreement with the state.

The basis for this financial modeling is the actual cost and operational information taken from the Green House operations for Sheridan (development, construction and start-up and stabilized operations through the second year after opening).

1. Construction - Size and configuration identical to the existing cottages with hard and soft costs inflated by 30% (3%/year) over 2012 actual total costs through end of year 2022. Land costs included in the total but not included in the financeable amount.

VETERANS HOUSES for SHERIDAN	No. of Units	24	
PROJECTED COSTS END OF 2022	total sq ft	cottages	
	16,300	16,300	
	inflator	1.30	
Uses	Amount	Per Unit Cost	Per Sq Ft
Site Acquisition	\$ 109,200	\$ 4,550	\$ 6.70
Site Work	\$ 729,927	\$ 30,414	\$ 44.78
Hard Construction Costs	\$ 3,688,157	\$ 153,673	\$ 226.27
Construction Contingency @5% of total	\$ 268,788	\$ 11,200	\$ 16.49
Architect / Engineering Fees	\$ 129,912	\$ 5,413	\$ 7.97
Furnishings & Equipment	\$ 564,345	\$ 23,514	\$ 34.62
CONSTRUCTION TOTAL	\$ 5,490,329	\$ 217,920	\$ 336.83
cannot finance land - less land costs	\$ 109,200		
TOTAL FINANCABLE AMOUNT	\$ 5,381,129		\$ 330.13
Soft Costs			
Legal Fees	4,120		
Licensing and Certification Fees	4,244		
Start-up & Working Capital Reserve	144,200		
Consumable Inventories and Supplies	115,360		
Staffing and training expenses	14,420		
Green House affiliation fee			
Loan and Bank Fees			
City fees - building permits/inspections	waived		
Title fees	waived		
Marketing			
Consulting fees			
Soft cost contingency	10,300		
SOFT COST TOTAL	\$ 292,644		
FINANCABLE COST -Excludes Land Costs	\$ 5,673,773		
TOTAL COST - Includes Land Costs	\$ 5,782,973		

The project funding is provided by federal and state sources dedicated to state veterans facility construction. 65% of the funding is granted from the VA (United States Veterans Administration) and 35% is loaned by the State of Wyoming at 3.5% for a period of 15 years.

Soft costs are estimated. The pre-opening costs are mitigated through the association with the existing Green House team and their experience in opening, staffing and start-up.

The model provides for the repayment of monies to the state with the expectation that funds will be used for additional development of veteran's facilities.

State Loan Amount at 35% of financable amount	\$ 1,883,395
State Loan Amount at 100% of soft costs	\$ 292,644
Total State Loan Amount	\$ 2,176,039
Monthly Loan Payments at 3.5% - 15 YR Term	\$ 15,556
Annual Loan Payments	\$ 186,673

2. Operations - Green House Living for Sheridan will contract with the State of Wyoming to administer and operate the veterans' skilled nursing cottages on a full charge basis. They will provide day to day operations and administrative management in accordance with best practices of the Green House person center philosophy and in strict compliance with state and federal regulations. The following operating projections are based on actual Sheridan Green House financial data for 2015 increased 3% per year from opening in 2023 through the end of 2023. Revenues from veteran reimbursement are increase 2% per year current rates through 2023 start-up.

Summary Results - Start-Up Operation			
TOTAL BED DAYS	8,760		
TOTAL RESIDENT DAYS	6,801		
OCCUPANCY	78%		
		As % of	Avg per
Revenues		Total Rev	Patient Day
Private - Vet Related	255,651	11.1%	381.00
Medicaid - Vet-Related	237,500	10.3%	243.84
Medicare	130,904	5.7%	361.95
Veterans Payments	1,671,196	72.8%	348.82
Total Revenues	\$ 2,295,251	100.0%	337.49
Less Refunds and Bad Debt	22,953	1.0%	3.37
Net Revenues	\$ 2,272,298	99.0%	334.11
Expenses			
Payrolls	1,278,351	55.7%	187.97
Operating Expenses	384,811	16.8%	56.58
Federal Medicaid taxes	160,668	7.0%	23.62
Total Operating Expenses	\$ 1,823,830	72.5%	268.17
Green House Administrative Services	288,265	12.6%	42.39
Total Expenses	\$ 2,112,094	85.0%	310.56
Net Income From Operations	\$ 160,204	7.0%	23.56
Loan Payments	186,673	8.1%	27.45
Net Income after Debt Service	\$ (26,470)	-1.2%	-3.89

A short fill period (6 months) is assumed due to the need for veteran specific services and the start-up experience of the Green House administrative team.

96% occupancy is assumed based on the history of sustained occupancy of the existing Green House cottages.

Veterans account for nearly 75% occupancy with veteran family members occupying the balance.

Administrative services are provided by the Sheridan Green House administration staff under a management agreement with the state.

Start Up Operation - YR 1	24	UNITS					
AVAILABLE UNITS	24	24	24	24	24	24	
FILL RATE ASSUMPTIONS	MO 1	MO 2	MO 3	MO 4	MO 5	MO 6	
Private - Vet Related	1	1	2	2	2	2	17%
Medicaid - Vet-Related	1	2	2	3	3	3	17%
Medicare	1	1	1	1	1	1	17%
Veterans	3	5	7	10	13	17	50%
OCCUPIED UNITS	6	9	12	16	19	23	
OCCUPANCY	25%	38%	50%	67%	79%	96%	
	24	24	24	24	24	24	
	MO 7	MO 8	MO 9	MO 10	MO 11	MO 12	
Private - Vet Related	2	2	2	2	2	2	9%
Medicaid - Vet-Related	3	3	3	3	3	3	13%
Medicare	1	1	1	1	1	1	4%
Veterans	17	17	17	17	17	17	74%
OCCUPIED UNITS	23	23	23	23	23	23	
OCCUPANCY	96%	96%	96%	96%	96%	96%	

Based on the performance of the existing Green House this rent-up rate is projected for the first year.

The fill rate is assumed to be three (3) new admissions per month through the 6th month

The facility will achieve fully stabilized operation of 96% occupancy in the sixth month after opening and going forward into the second year and beyond..

Projected reimbursements are based on 2015 Green House rates escalated 3%/year for a 2023 opening and VA Chief Business Office Purchased Care, State Home 2016 Per Diem Rate escalated 2%/year through 2023.

			2015		2023	
REVENUE ASSUMPTIONS		Ratio to	Base Line		Charges	Charges
	# Units	Total	Charges	Inflator	Per Day	Per Mo
Private - Vet Related	4.0	17%	300.00	1.27	381.00	11,582
Medicaid - Vet-Related	4.0	17%	192.00	1.27	243.84	7,413
Medicare	4.0	17%	285.00	1.27	361.95	11,003
Veterans	12.0	50%	295.61	1.18	348.82	10,604
TOTAL	24.0	100%				

The financial model assumes that the facility will provide services to veterans and to spouses/family (related persons) of veterans.

Summary Results - Stabilized Operation			
TOTAL BED DAYS	8,760		
TOTAL RESIDENT DAYS	8,395		
OCCUPANCY	96%		
		As % of	Avg per
Revenues		Total Rev	Patient Day
Private - Vet Related	278,130	9.8%	381.00
Medicaid - Vet-Related	267,005	9.4%	243.84
Medicare	130,904	4.6%	361.95
Veterans Payments	2,164,427	76.2%	348.82
Total Revenues	\$ 2,840,465	100.0%	338.35
Less Refunds and Bad Debt	28,405	1.0%	3.38
Net Revenues	\$ 2,812,061	99.0%	334.97
Expenses			
Payrolls	1,595,519	56.2%	190.06
Operating Expenses	476,401	16.8%	56.75
Federal Medicaid taxes	198,833	7.0%	23.68
Total Operating Expenses	\$ 2,270,752	72.9%	270.49
Green House Administrative Services	288,265	10.1%	34.34
Total Expenses	\$ 2,559,017	83.1%	304.83
Net Income From Operations	\$ 253,043	8.9%	30.14
Loan Payments	186,673	6.6%	22.24
Net Income after Debt Service	\$ 66,370	2.3%	7.91

As the facility achieves full year stable operation occupancy increases from an average of 78% during the start-up year to the sustained 96% occupancy projected going forward.

Reimbursement rates are increase by an average of 2.5% over the star-up year (2.0% for veterans and 3.0% for related persons). As a result of the stabilized occupancy and upward rate adjustments the revenue projection increases approximately 25% over the start-up year.

3. Expenses – Projected costs to operate the facilities are based on actual expense data for the Sheridan Green House operations for 2015. These expenses were analyzed in two categories payrolls and other operating expenses. The payroll category is the largest – approximately 56% of revenue. This important category must be controlled through staffing management during the start-up period. The administrative experience of the Sheridan Green House management team will provide cost control to the veteran’s facility during this period and going forward into stabilized operations.

Staffing - Staffing data are taken from actual Green House operations and are in keeping with Green House person center methodologies and state Department of Health requirements. This information provides the basis for projected staffing costs for the veteran's project.

FTE STAFFING START-UP OPERATION – EACH COTTAGE												
RESIDENTS	6	9	12	16	19	23	23	23	23	23	23	23
OCCUPANCY	25%	38%	50%	67%	79%	96%	96%	96%	96%	96%	96%	96%
DIRECT CARE	MO 1	MO 2	MO 3	MO 4	MO 5	MO 6	MO 7	MO 8	MO 9	MO 10	MO 11	MO 12
Nursing Aides	4.38	4.38	4.38	4.90	6.48	8.61	8.89	8.89	8.89	8.89	8.89	8.89
RNs	0.35	0.53	0.91	1.05	1.40	1.84	1.89	1.89	1.89	1.89	1.89	1.89
LPNs	0.18	0.18	0.40	0.46	0.61	0.81	0.82	0.82	0.82	0.82	0.82	0.82
Activities	0.13	0.13	0.13	0.14	0.19	0.24	0.25	0.25	0.25	0.25	0.25	0.25
Janitorial	0.13	0.19	0.28	0.31	0.44	0.56	0.58	0.58	0.58	0.58	0.58	0.58
TOTALS	5.15	5.39	6.09	6.86	9.11	12.05	12.43	12.43	12.43	12.43	12.43	12.43

Start-up staffing ramps up in keeping with increasing occupancy, reaching stabilized staffing in the sixth month after opening. This staffing pattern is then maintained throughout the second year of operation and going forward.

STAFFING STABILIZED OPERATION – EACH COTTAGE				
DIRECT CARE	HOURS WEEK	HOURS MONTH	FTES TOTAL	AVG. PAY RATE/HR
Nursing Aides	356	1,570	8.89	\$18.12
RNs	76	334	1.89	\$30.91
LPNs	33	145	0.82	\$25.21
Activities	10	44	0.25	\$25.53
Janitorial	23	102	0.58	\$20.58
TOTALS	497	2,195	12.43	

Wage rates are based on Sheridan Green House actual rates in 2015 increased by 3% per year into opening in 2023. This increase is reflected for the stabilized year. Overhead burden is treated in a similar manner for the projections.

Variable expenses are also based on actual expenses for the Green House operation in Sheridan in 2015. These actuals are projected to increase 3% per year into 2023 opening and 2024 stabilized operation.

4. Administrative Services - these “management” services will be provided by the existing Green House administrative staff including some additional administrative support level staffing to meet increase demands on the Administrator and Social Services component in the Green House model. The leverage of the existing management is a significant contribution to the financial efficiency of joining the private non-profit Sheridan operation with the governmental services to veterans.

The projections include an annual administrative fee for these service of 10% of annual revenues payable to Sheridan Green House (Alternative Elder Care LLC). Start-up fees are slightly higher since these costs are considered “fixed” expenses.

NOTE The costs for a state level employee to provide oversight/services to the veterans nursing home operations are not included in the costs projected for operation of the veteran's facilities. Similarly, since the buildings are owned by the state, costs associated with major building and systems maintenance are not included.

ADMINISTRATIVE SERVICES
Licensed Administrator
Admissions and Social Services
Dietary Services
Director of Nursing
Educator and Guide
Finance and Accounting
Human Resources
Grounds Services

5. Analysis of Need – using U.S. Census data, State of Wyoming licensed nursing home data and United States Department of Veterans Affairs projections the estimated need for veteran specific nursing home beds in the identified Sheridan catchment area of Wyoming is projected as follows

“The maximum number of nursing home care and domiciliary care beds for veterans in Wyoming is set at 154 beds....” Wyoming Veterans State Home need Analysis – August 2017

STATE HOME CONSTRUCTION GRANT BED ANALYSIS	
Maximum beds allowed	154
VA authorized DOM and NH beds	114
Unmet bed need	40

The Wyoming Department of Health has “assigned” the counties named below as the catchment area for a Green House veterans facility constructed in Sheridan. Note that Natrona County is split 50/50 with Cheyenne based on probable utilization of each location by nursing home qualified veterans. Nearly 223,000 persons live in the identified area. 35,000 (16%) of these persons are 65 years and older and considered as age qualified for skilled nursing services.

2017 Analysis - September 2017 licensed and occupied nursing home beds located in the catchment area are shown with a 78% average occupancy. Note that Sheridan County nursing homes show an 83% occupancy and data collected from the Sheridan Green House facility shows an 98% occupancy as of the date of this information. Calculating from this occupancy data shows that approximately 3% of the 65+ population lives in these nursing homes.

Data collected from the U.S. Department of Veterans Affairs shows that just over 6,800 veterans live in the identified area. Using the above 3% factor we calculate that 188 veterans are age qualified for nursing home services in the area. From this qualified total we subtracted the assumed* number of veterans living in area nursing homes. Subtracting the assumed number from the identified need provides the projected unmet need in 2017. **(This “assumption” says that the percentage of 65+ veterans in a nursing home should be the same percentage as that of the general 65+ population)*

SHERIDAN CATCHMENT AREA NURSING HOMES										
WYO Dept. of Health 9/15/17 Facility Directory					Occupied beds	% Persons 65+ Age	VA data 65+ Veterans	SNF qualified Veterans	# of Veterans in SNF	Unmet Veterans 2017 need
SHERIDAN CATCHMENT	Total pop	65+ pop	% of Total 65+	Licensed beds	78% Avg	in SNF				
NATRONA CO	81,039	11,166	13.8%	432	372	3.3%	1,375	46	12	33
BIG HORN CO	12,005	2,412	20.1%	85	24	1.0%	468	5	0	4
CAMPBELL CO	48,803	3,973	8.1%	160	122	3.1%	742	23	4	19
HOT SPRINGS CO	4,679	1,169	25.0%	60	44	3.7%	310	12	2	10
JOHNSON CO	8,486	1,906	22.5%	44	40	2.1%	562	12	1	11
PARK CO	29,353	6,262	21.3%	94	78	1.2%	1,517	19	1	18
SHERIDAN CO	30,200	5,977	19.8%	278	230	3.8%	1,462	56	9	47
WASHAKIE CO	8,334	1,722	20.7%	87	62	3.6%	437	16	2	13
CATCHMENT	222,899	34,587	15.5%	1,240	972	2.8%	6,873	188	31	157

The Veterans Administration operates a skilled nursing home in Sheridan with 50 beds 48 of which are occupied. Adjusting for these beds indicates that the 2017 need is 109 beds in the Sheridan Catchment Area. This does not account for any veterans who may be in the other nursing homes in the catchment.

Indicated need	157
Less VA occupied beds	48
Adjusted unmet need	109

2023 Projected – The Department of Veterans Affairs provided projected numbers of 65 age group veterans that are or project to be living in the Sheridan Catchment area by county and projected year. The current schedule for start-up of the Green House nursing home facilities is 2023. The project is expected to fill and stabilize in this first year and operate during 2024 at a 96% occupancy (stabilized). In 2023 the Sheridan catchment area is expected to have almost 6,300 veterans who are age qualified (65+) for a skilled facility. In 2024 this total is projected to decline to 6,100 persons.

SHERIDAN CATCHMENT	DEPT OF VETERANS AFFAIRS – NUMBER OF 65+ PERSONS							
	2017	2018	2019	2020	2021	2022	2023	2024
NATRONA CO	1,375	1,363	1,342	1,330	1,312	1,289	1,266	1,231
BIG HORN CO	468	466	458	455	442	433	424	420
CAMPBELL CO	742	770	793	819	848	867	874	877
HOT SPRINGS CO	310	305	303	294	285	275	265	253
JOHNSON CO	562	541	524	503	486	476	455	435
PARK CO	1,517	1,504	1,482	1,463	1,451	1,421	1,388	1,352
SHERIDAN CO	1,462	1,447	1,406	1,381	1,338	1,300	1,267	1,225
WASHAKIE CO	437	416	393	377	359	341	326	312
TOTAL CATCHMENT	6,873	6,812	6,701	6,622	6,521	6,402	6,265	6,105

Following the methodology used in the above 2017 analysis, the projected total 2023 need for nursing home services for the veterans living in the Sheridan catchment is 145 persons. Allowing for 48 persons living at the Sheridan VA Nursing Home the need is reduced to 97 veterans.

The 2024 need is projected to be 135 veterans adjusted for the VA occupancy the need is reduced to 87 veterans who are age qualified for the Green House project.

SHERIDAN AREA CATCHMENT FOR VETERANS LONG TERM CARE	2023 PROJECTIONS				2024 PROJECTIONS			
	VA data	SNF	# of	Unmet	VA data	SNF	# of	Unmet
	65+ Veterans	qualified Veterans	Veterans in SNF	Veterans 2023 need	65+ Veterans	qualified Veterans	Veterans in SNF	Veterans 2024 need
NATRONA CO	1,266	42	12	30	1,231	41	12	29
BIG HORN CO	424	4	0	4	420	4	0	4
CAMPBELL CO	874	27	4	23	877	27	4	23
HOT SPRINGS CO	265	10	2	8	253	9	2	8
JOHNSON CO	455	10	1	9	435	9	1	8
PARK CO	1,388	17	1	16	1,352	17	1	16
SHERIDAN CO	1,267	49	9	40	1,225	47	9	38
WASHAKIE CO	326	12	2	9	312	11	2	9
TOTAL CATCHMENT	6,265	176	31	145	6,105	166	31	135
	Sheridan VA Occupancy			48	Sheridan VA Occupancy			48
	Projected Unmet Need			97	Projected Unmet Need			87
SOURCE: DEPT OF VETERANS AFFAIRS								

The proposal is to construct two Green House cottages with 12 apartment units in each cottage for a total of 24 new SNF beds. This project will address approximately **25% to 28%** of the identified need.